

MINUTES  
**SENATE EDUCATION COMMITTEE**

**DATE:** Tuesday, February 14, 2023

**TIME:** 3:00 P.M.

**PLACE:** Room WW55

**MEMBERS PRESENT:** Chairman Lent, Vice Chairman Toews, Senators Den Hartog, Nichols, Carlson, Herndon, Lenney, Ward-Engelking, and Semmelroth

**ABSENT/  
EXCUSED:** None

**NOTE:** The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

**CONVENED:** **Chairman Lent** called the meeting of the Education Committee (Committee) to order at 3:01 p.m.

**S 1038** **Education - Adds to existing law to provide for education savings accounts.** **Senator Nichols** presented an overview of **S 1038** which would provide an Education Savings Account (ESA) for qualified Idaho students and their families. **Senator Nichols** believed this proposed legislation would provide Idaho students and their families with greater educational choice and allow them to explore non-traditional schooling options. She provided a diagram that showed how the ESA in **S 1038** would function and how money would flow from the taxpayer to an ESA (Attachment 1). **Senator Nichols** clarified this ESA program would be an opt-in program for both students and education service providers. No one was obligated to join the program. She also emphasized the bill strengthened homeschooling opportunities in the State because it provided families with more money to pay for educational expenses and did not impose any government control over specific curricula. The bill would also establish the Parent Oversight Committee (POC), a committee that consisted of parents of ESA-eligible students who were able to advise the Legislature on how to improve the ESA program. Each member of the POC would be appointed by either one of the members of Idaho House and Senate leadership or the Governor of Idaho.

**Senator Lenney** went through each section of the proposed legislation and detailed the changes it would create to Idaho Code. He provided information regarding how the proposed ESA would function and who this program benefited. The accounts would be overseen by the State Department of Education (SDE) and the funds provided for each account would be provided by the State Treasury. Qualified students for the ESA program were considered to be any resident of the State of Idaho who were eligible to enroll in any public K-12 school. **Senator Lenney** detailed the agreement the parents of the qualified student would have to sign to participate in the program and outlined how the funds provided by the legislation could and could not be used. Random audits would be conducted on each account to ensure that the money provided by the potential legislation was used correctly. The money used towards ESA's would be drawn from state-appropriated funds and not from any local or federal money. He also mentioned that any leftover money that had not been used by the time a student graduated high school could then be used towards post-secondary education expenses. **Senator Lenney** highlighted how **S 1038** would not harm homeschooling in Idaho, but would instead benefit families who homeschooled.

**DISCUSSION :** **Senator Ward-Engelking** asked Senator Nichols if the bill was only going to allow for an initial 6,600 students to opt into the program. **Senator Nichols** replied that she did not anticipate that many students to sign up for the system initially, but the bill would set aside the funds for 6,600 students if there was such a demand. Afterward, the Legislature would need to appropriate as much money as they saw fit in order to keep up with further demand. **Senator Ward-Engelking** asked if students who were enrolled in a private school were eligible to opt into the program. **Senator Nichols** confirmed that these students would be able to take advantage of the program. **Senator Ward-Engelking** asked Senator Nichols if she was aware that home school students could take classes or extracurricular activities at public school. **Senator Nichols** confirmed she was aware of this. **Senator Ward-Engelking** asked for clarification on how ESA funds would flow back to public school programs that an ESA student participated in. **Senator Nichols** pointed out that money from the ESA could be used for classes and extracurricular activities, it would just need to be applied through the digital platform.

**Senator Carlson** asked Senator Nichols to clarify the wording of the bill where it specified that students grades 1-12 would be eligible for the program but did not mention kindergarten-level students. **Senator Nichols** answered that kindergarten would be included in the program, but that they had to distinguish it from grades 1-12 in the bill's text.

**Senator Den Hartog** asked Senator Nichols for clarification on whether education service providers needed to sign up on the digital platform to receive money from a student's ESA. **Senator Nichols** explained this was the case and education service providers would need to fill out an application and opt in. **Senator Den Hartog** then asked for confirmation on whether all transactions with money in an ESA would take place exclusively on the digital platform. **Senator Nichols** confirmed all transactions would take place on the digital platform.

**Senator Semmelroth** asked Senator Nichols what would happen to money in an ESA if a family intended to use it for a private school, but was then denied admission from the private school. **Senator Nichols** stated that any money that was not utilized would go back to the State fund. **Senator Semmelroth** asked where the money from an ESA account would go if a student re-enrolled into a public school mid-semester. **Senator Nichols** highlighted that ESA funds were distributed on a quarterly basis, that way a private institution was not overpaid if a student re-enrolled in a public school mid-semester. She emphasized that any money not used would go back to the State and families that opted into the program never actually possessed the money. Instead, the money was controlled by the State.

**Senator Ward-Engelking** asked Senator Nichols to clarify whether there would be any curriculum oversight or testing standards for private and home schools that would receive money from an ESA. **Senator Nichols** answered there were no testing requirements, but there would be random audits on the accounts which ensured that the provided money was utilized correctly.

**Vice Chairman Toews** asked Senator Nichols to speak to the cost of the ESA program compared to traditional public school per student. **Senator Nichols** stated that based on research conducted on other states' ESA programs, the cost to fund two students through an ESA program was equivalent to the cost of funding one student in traditional public schools. She added when ESA programs had been implemented, the price per pupil in public schools increased.

**Chairman Lent** asked Senator Nichols to confirm whether the 20 percent of funds the program had designated to remain in local school districts were used to support

public schools. **Senator Nichols** confirmed this for Chairman Lent and mentioned that even if attendance in public school districts decreased after the first year of this program, Idaho law did not allow school districts to lose more than three percent of funding per year. **Chairman Lent** asked if the State of Idaho would then be paying for ghost students who were not in public school if more than three percent of the student body left a school district. **Senator Nichols** pointed out that if students left public school and then came back midsemester, then the funding for that student would still be there. **Chairman Lent** expressed concern that the State of Idaho would be funding two different schools through this bill.

**Senator Herndon** asked Senator Nichols how many ESA qualified students were in the State of Idaho and how many of those students were attending public or charter schools. **Senator Nichols** reported there were around 328,000 qualified students in Idaho and approximated that there were around 300,000 enrolled in public or charter schools. **Senator Herndon** asked how the SDE would keep track of subjects and classes students were taking that were not specifically required by the bill. **Senator Nichols** explained that any extra subject a qualified student would want to take needed to be signed up through the digital platform provided by the SDE. She pointed out that the random audits conducted by the SDE were put in place to prevent fraudulent use of ESA funds. **Senator Herndon** asked what would happen in the event that the Legislature did not appropriate enough funds to meet the full demand of applicants to the program. **Senator Nichols** replied that if this was the case, then funds would be distributed on a first come, first serve basis.

**Senator Ward-Engelking** asked for clarification on how ESA money would flow to families who homeschool. **Senator Lenney** emphasized families that signed up for the program would only be able to use ESA money on the digital platform provided by the SDE. **Senator Ward-Engelking** asked how many students were outside the public school system and would benefit from the potential legislation. **Senator Lenney** reported there were around 17,000 students that were outside the public school system. **Senator Ward-Engelking** asked how many students the sponsors of the bill projected to be outside the public school system in four to five years if the bill passed. **Senator Nichols** answered based on data observed from other states, she predicted in four to five years a little less than five percent of the eligible student population would be outside the public school system. **Senator Lenney** commented that having more students take advantage of the program would reduce education costs over time.

#### TESTIMONY:

The following testified in support of the bill: Laura Fisher, Anna Miller, Carolyn Harrison, Ryan Spoon, Summer Bushnell, Tom Harrison, Katherine Kula, Shane Schulties, Mark Mullins, Chloris Mullins, Jason Richardson, Matthew Cardon, Sylvia Adams, David Overcash, Jackie Davidson, Matt Edwards, Dominic Brandon, and Steve Burch.

Comments from those who testified in favor of the bill included: The bill would allow for more families to homeschool their children; it was an opt-in system and there was no requirement to join; the money was always in the hands of the State and no money would ever directly go to the parents of qualified students; similar programs in other states improved school choice; parents were dissatisfied over the public school curriculum and were looking for other options; parents knew what was best for their children, not the State of Idaho; this free market approach to education would spur innovation and new methods of instruction; ESA programs raised education standards in other states that have implemented it; the bill would allow for more non-traditional forms of education to succeed.

The following testified in opposition of the bill: Elizabeth Noonan, Mary Ruckh,

Heather Stout, Norma Staaf, Jean Henscheid, Bessie Yeley, Sheri Hughes, Kayla Dodson, Georgia Boatman, Rick Price, Kathy Dawes, Helen Hawely, Karen Hansen, Jody Brodstrom, Lindsey Barber, Scott Tate, Sylvia Cha, Garrett Castle, Frank Martinez, Melanie Edwards, John Rehder, and Gwynne McElhinney.

Comments from those who testified in opposition to the bill included: similar bills have been shown to raise property taxes in other states; this bill would not benefit residents of rural communities and could raise property taxes in these communities; the bill violated Article 9, Section 5 of the Idaho Constitution; funds would be taken away from public schools, which were already struggling; there were concerns over a lack of oversight and accountability over where money was going; public schools were already underfunded and did not need any more funds taken away from their budgets; ESA programs in other states have been shown to increase taxes over time; the bill would take away money from special education programs in public schools; it would be more difficult to bring qualified teachers and staff to public schools across the State; public money would be going towards private schools that could deny any potential student for any reason.

**DISCUSSION:** **Senator Herndon** asked Ms. Miller what kind of effect an ESA would have on student performance in Idaho. **Ms. Miller** believed based on research conducted in other states with ESA programs, student performance in Idaho would increase.

**Chairman Lent** advised the Committee and those watching that the Committee would take further testimony on **S 1038** on February 15, 2023 for the 3:00 p.m. meeting.

**ADJOURNED:** There being no further business at this time, **Chairman Lent** adjourned the meeting at 6:04 p.m.

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Senator Lent  
Chair

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Linette Grantham  
Secretary

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Tyler Allen  
Assistant Secretary